



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 5/3/2000

GAIN Report #GT0012

Guatemala

Tobacco and Products

Annual

2000

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Report Highlights:

The overall tobacco planted area in 2000 is expected to increase around 9 percent, while yields are expected to be around 2.2 MT per hectare. Exports are expected to increase around 7 percent. Cigarette consumption is expected to increase further in 2000.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Guatemala [GT1], GT

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Executive Summary

New production information from the industry revises 1999 PS&D numbers for this report. In addition, hurricane Mitch caused damages to production yields for 1999. The reader should note that while all numbers in this report are reported on a calendar year basis, Guatemalan tobacco production and marketing is conducted during the months of June/May. Guatemalan tobacco production is divided in two crops. For the first crop, area planted in August-December 1999 is harvested in January-May 2000. For the second crop, area planted in April-May 2000 is harvested in September-October 2000 and so forth. Marketing year 1999 refers to the crops planted beginning in June 1998.

The overall tobacco planted area is forecast to increase around 9 percent for 2000, while yields are expected to be around 2.2 MT per hectare. Exports are forecast to increase around 7 percent, due to an increase in planted area in response to an increase in demand from foreign markets. In addition, weather conditions are expected to contribute to an increase in production in 2000. Domestic leaf consumption is forecast to increase, due to increase in local cigarette production. Data shows that cigarette production and exports increased in 1999 due to demand from other Central American countries, Puerto Rico and Panama. In 2000, the same trend is expected to follow with further increases. Tabacalera Centroamericana S.A. (TACASA), a subsidiary of Phillip-Morris located in Guatemala is the only cigarette manufacturer and supplier of Phillip-Morris's brands in those countries. Imports in 1999 increased slightly and in 2000 are expected to increase further due to an increase in consumption.

PSD Table						
Country	Guatemala					
Commodity	Tobacco, Unmfg., Total				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	9024	8873	7637	7637	0	8374
Beginning Stocks	1550	1500	1357	1500	0	947
Farm Sales Weight Prod	19962	20440	17412	16902	0	18630
Dry Weight Production	12376	12672	10960	10480	0	11551
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	143	0	0	0
TOTAL Imports	0	0	143	0	0	0
TOTAL SUPPLY	13926	14172	12460	11980	0	12498
Exports	11303	11074	9043	9043	0	9671
Dom. Leaf Consumption	1266	1598	1990	1990	0	2296
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	1266	1598	1990	1990	0	2296
TOTAL Disappearance	12569	12672	11033	11033	0	11967
Ending Stocks	1357	1500	1427	947	0	531
TOTAL DISTRIBUTION	13926	14172	12460	11980	0	12498

PSD Table						
Country	Guatemala					
Commodity	Tobacco, Unmfg., Burley				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	7177	6997	5600	5600	0	6160
Beginning Stocks	1000	1000	1000	1000	0	447
Farm Sales Weight Prod	16252	16656	12830	12320	0	13592
Dry Weight Production	10076	10326	7955	7639	0	8427
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	11076	11326	8955	8639	0	8874
Exports	9746	9646	7512	7512	0	8000
Dom. Leaf Consumption	523	680	680	680	0	680
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	523	680	680	680	0	680
TOTAL Disappearance	10269	10326	8192	8192	0	8680
Ending Stocks	807	1000	763	447	0	194
TOTAL DISTRIBUTION	11076	11326	8955	8639	0	8874

PSD Table						
Country	Guatemala					
Commodity	Unmfg., Dark Air & Sun Cured				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	530	530	515	515	0	540
Beginning Stocks	0	0	0	0	0	0
Farm Sales Weight Prod	810	689	1082	1082	0	1188
Dry Weight Production	502	427	671	671	0	737
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	502	427	671	671	0	737
Exports	279	52	86	86	0	96
Dom. Leaf Consumption	223	375	585	585	0	641
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	223	375	585	585	0	641
TOTAL Disappearance	502	427	671	671	0	737
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	502	427	671	671	0	737

PSD Table						
Country	Guatemala					
Commodity	Tobacco, Unmfg., Flue Cured				(HA)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Area Planted	1317	1346	1522	1522	0	1674
Beginning Stocks	553	553	553	553	0	553
Farm Sales Weight Prod	2900	3095	3500	3500	0	3850
Dry Weight Production	1798	1919	2170	2170	0	2387
U.S. Leaf Imports	0	0	0	0	0	0
Other Foreign Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	2351	2472	2723	2723	0	2940
Exports	1278	1376	1445	1445	0	1575
Dom. Leaf Consumption	520	543	725	725	0	812
U.S. Leaf Dom. Consum.	0	0	0	0	0	0
Other Foreign Consump.	0	0	0	0	0	0
TOTAL Dom. Consumption	520	543	725	725	0	812
TOTAL Disappearance	1798	1919	2170	2170	0	2387
Ending Stocks	553	553	553	553	0	553
TOTAL DISTRIBUTION	2351	2472	2723	2723	0	2940

Production

Guatemala has two distinct producing areas; the Motagua Valley in the departments of Zacapa and Chiquimula and coastal areas in the departments of Retalhuleu and San Marcos. In 1999, planted area and production decrease was mainly due to damages caused by hurricane Mitch in the Motagua Valley and the Zacapa region. In 2000, planted area will increase around 9 percent from 1999. Total production is expected to increase from 10,480 MT (dry weight) in 1999 to 11,551 MT (dry weight) in 2000. The increase in planted area and production is mainly due to an increase in demand for tobacco from foreign manufacturers. The average yield for 2000 is around 2.2 MT/hectare depending on the type of tobacco.

Guatemalan burley tobacco production in 2000 is forecast at 8,427 MT (dry weight) up from the revised data of 7,639 MT (dry weight) for 1999. The increase is the result of increased planted area (from 5,600 ha in 1999 to 6,160 ha in 2000). The four tobacco companies based in Guatemala increased their planted area by around 560 hectares due to an increased in demand from foreign manufacturers. The average cost of production for 2000, is around \$3,300 per hectare remaining at the same level of 1999. The U.S. quota in 1999 is set at 10,000 MT remaining steady in 2000.

Flue cured production for 2000 is forecasted at 2,387 MT (dry weight), up from the revised data of 2,170 MT (dry weight) for 1999. The change is due to an increase in planted area and an increase in consumption from Tabacalera Centroamericana S.A. (TACASA) and Tabacalera Nacional S.A. (TANSA). The cost of production has remained steady at \$3,500 per hectare in 2000. In 1997, a test area of 40 hectares of dark air cured was planted. For 1998, 83 hectares were planted and yields of 2 MT/hectare were expected. However, due to rains and hurricane Mitch, yields were around 1 MT/hectare for a total production of 82 MT. In 1999, 70 hectares were planted with yields of around 2 MT/hectare for a production of around 137 MT. In 2000, production is expected to be at the same levels of 1999 production. Sun air cured tobacco production is forecast at 600 MT (dry weight) up from the 1999 revised production data of 585 MT (dry weight). The increase in production is the result of increasing yields in 2000 from 2.1 MT/hectare in 1998 to 2.2 MT/hectare in 2000.

A trend in production for most tobacco farmers, is a planting system called “pilon”. This system is a new way to plant tobacco with better return rates and higher yields, compared to direct seed planting. Tobacco farmers see a threat from the melon industry because of the existing competition for land and labor. Also, the melon plantations develop different plagues and diseases during and after harvest that affect the tobacco crop directly. So far, the tobacco industry has been able to control the plagues and disease.

Export Trade Matrix			
Country	Guatemala		
Commodity	Tobacco, Unmfg., Total		
Time period	Jan-Dec	Units:	Metric Tons
Exports for:	1999		2000
U.S.	4522	U.S.	4751
Others		Others	
Mexico	1130	Mexico	1200
Honduras	791	Honduras	840
Germany	760	Germany	800
United Kingdom	495	United Kingdom	530
Austria	355	Austria	400
Finland	350	Finland	400
Costa Rica	340	Costa Rica	400
Spain	300	Spain	350
Total for Others	4521		4920
Others not Listed			
Grand Total	9043		9671

Trade

Overall, in 1999 Guatemala exported 9,043 MT (dry weight) of unmanufactured tobacco . In 2000, exports are forecast at 9,671 MT (dry weight). The increase is the result of an increase in planted area, in response to an increase in demand from foreign markets. The U.S. remains as the main destination for Guatemalan tobacco. In 1999, 4,522 MT were exported to the U.S. and 4,751 MT are expected to be exported to the U.S. in 2000. Countries like Mexico, Honduras and Costa Rica are important destinations for Guatemalan tobacco since British American Tobacco company cigarette manufacturers are located in these countries. The remaining exports are destined for the European market.

Flue cured exports are forecast to increase from 1,445 MT (dry weight) in 1999 to 1,575 MT in 2000 due to demand from manufacturers in Honduras, Costa Rica and Mexico. Exports for dark air cured are expected to remain steady at 86 MT (dry weight) in 2000 due to steady demand and yields. Burley exports are expected to increase from 7,512 MT (dry weight) in 1999 to 8,000 MT (dry weight) in 2000 due to an increase in planted area in response to the increase in demand from foreign manufacturers.

Consumption

In 1999, domestic consumption of burley tobacco was 680 MT (dry weight). In 2000, domestic consumption is expected to remain at the same level. Flue cured domestic consumption for 1999 was 725 MT (dry weight). In 2000, consumption is forecast at 812 MT (dry weight). The increase is due to an increase in the use of flue cured tobacco in cigarette mixtures. Dark air and sun cured consumption for 1999 was 585 MT (dry weight) and in 2000 is forecast at 641 MT (dry weight). The increase in consumption is due to an increase in the use of sun air cured tobacco in cigarette mixtures.

Overall, domestic consumption for 1999 was 1,990 MT (dry weight) and is forecast to increase to 2,296 MT (dry weight) in 2000. The increase in consumption is due to an increase in consumption of flue cured and sun air cured from TACASA, the Guatemalan factory that is now the main manufacturer of cigarettes for the region.

PSD Table						
Country	Guatemala					
Commodity	Tobacco, Mfg., Cigarettes				(MIL PCS)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		01/1998		01/1999		01/2000
Filter Production	2300	2865	3300	3300	0	3600
Non-Filter Production	0	0	0	0	0	0
TOTAL Production	2300	2865	3300	3300	0	3600
Imports	525	550	563	563	0	600
TOTAL SUPPLY	2825	3415	3863	3863	0	4200
Exports	650	1215	1613	1613	0	1900
Domestic Consumption	2175	2200	2250	2250	0	2300
TOTAL DISTRIBUTION	2825	3415	3863	3863	0	4200

Export Trade Matrix			
Country	Guatemala		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	
Exports for:	1999		2000
U.S.		U.S.	
Others		Others	
Puerto Rico	800	Puerto Rico	900
Panama	263	Panama	300
El Salvador	200	El Salvador	250
Honduras	200	Honduras	250
Nicaragua	150	Nicaragua	200
Total for Others	1613		1900
Others not Listed			
Grand Total	1613		1900

Import Trade Matrix			
Country	Guatemala		
Commodity	Tobacco, Mfg., Cigarettes		
Time period	Jan-Dec	Units:	
Imports for:	1999		2000
U.S.		U.S.	
Others		Others	
Honduras	563	Honduras	600
Total for Others	563		600
Others not Listed			
Grand Total	563		600

Cigarettes

There is only one cigarette manufacturer remaining in Guatemala; Tabacalera Centroamericana S.A. (TACASA), a Phillip-Morris subsidiary. Tabacalera Nacional S.A. (TANSA), a British American Tobacco subsidiary, works as a cigarette distributor since the factory is located in Honduras. In 1999, TACASA captured 79 percent of the total Guatemalan cigarette market. From the 79 percent, Rubios brand represents 90 percent of total sales. In 2000, TACASA should capture 80 percent of the total Guatemalan cigarette market.

TACASA exported 1,613 million cigarettes in 1999 and is forecast to export 1,900 million cigarettes in 2000. In 1999, TANSA imported 563 million cigarettes and expects to import 600 million cigarettes in 2000. Total production of cigarettes in 1999 reached 3.3 billion pieces and in 2000 production is forecast at 3.6 billion pieces. This increase is attributed to a slight increase in local cigarette consumption and an increase in export demand.

The luxury tax is 44 percent of the retail price without the value added tax, according to decree 6177 for tobacco. The value added tax is 10 percent of total retail price, applied after the 44 percent luxury tax is added.